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UNCLAS GUATEMALA 000578

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SUBJECT: UPDATE ON U.S.-OWNED MAQUILA IN GUATEMALA

REF: A. GUATEMALA 492

[1](#)B. JACOBSEN-NYSTROM E-MAIL 2/22/05

[1](#)1. Although production at Guatemalan maquila J&R Sportswear has stopped, the company itself has not yet formally closed (ref A). Company management filed for a legal suspension of work at the maquila. The Ministry of Labor has not yet ruled on that application, but sources tell us that the application is likely to be approved.

[1](#)2. Factory manager Frances McCall (U.S. citizen) told us that once the legal suspension of work is granted, representatives from the local company, the company's Florida-based owners, and the employee's association can restart negotiations regarding the employees' terms of dismissal.

[1](#)3. An official from Gator Inc., the Florida-based owner of J&R, told us that they will negotiate severance packages below what is mandated by Guatemalan law. Representatives of the Ministry of Labor and private attorneys tell us, however, that there is no legal way to accept terms below that which is mandated by Guatemalan law, even with the workers' consent.

[1](#)4. The final shipment of apparel from J&R remains at the factory. McCall told us that legal representatives for the employees' association obtained a court order to prevent movement of the container.

[1](#)5. McCall told us that she is no longer under constant surveillance by the workers (ref B). She is free to move about in Izabal but visits the factory only to handle administrative issues.

HAMILTON